

Brigham Young University
Economics 458 – International Trade Theory
Section 1 Ref# 1624
Winter Semester 2006

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Office Hours: MW 9:30 – 11:30 a.m. 166 FOB
and by appointment
Lectures: MW 1:35 – 2:50 p.m. 274 MARB
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This class is concerned with the theory of international trade. It is an upper division course and you are assumed to be familiar with the concepts discussed in Econ 380 and with calculus. We will use these tools extensively in the context of trade related issues. This course tends to be rather 'technical', but you will find it useful in terms of illustrating the applications of micro theory to the field of international economics.

Texts: Markusen, et al, *International Trade: Theory & Evidence*. ISBN 0-07-040447-X

Grading: Grading is on a curve based on point with the following weights on assignments and tests
Homework 10%
Midterm 40%
Final 50%

Homework: Homework will be given on a weekly basis. The lowest two scores will be discarded, so you may safely skip two assignments, but you may NOT turn in your homework late for credit. Please do not ask for credit for late homework. We will grade late homework to give you feedback, but not for credit.

Midterm: The midterm will be given all day in the Testing Center on **Friday & Saturday, February 24-25**. It will cover chapters 1-9. The test will contain short definition, short essay, and longer analysis questions.

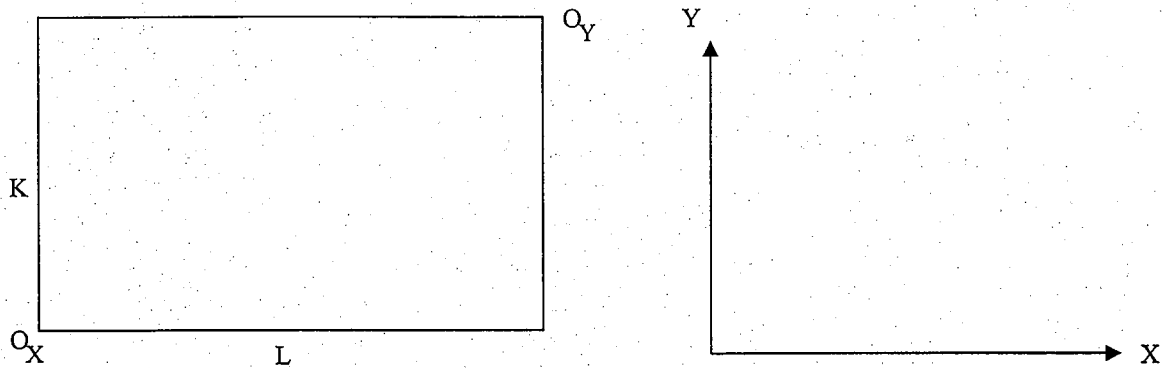
Final: The final will be given in our assigned classroom on the university assigned date and time. (That is in 274 MARB on **Tuesday, April 25th from 7:00 p.m. to 10:00 p.m.**) *No early or late finals will be given under any circumstances.* Make your holiday travel, marriage & job interview plans accordingly.

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Homework #2
Due 1/18

Production

1. Suppose the production functions for X & Y are identical. Illustrate this case below using the provided graphs. Assume constant returns to scale. Show the efficiency locus and the PPF. Also show a set of isoquants for both X and Y. Briefly explain your logic.



2. Now suppose that the endowment of capital rises. Show the new efficiency locus and PPF below. Again, briefly explain your logic.

